

# Memorandum

**To: Chair and Commissioners**

**Date: November 16, 2004**

**From: Diane C. Eidam**

**File No:  
Reference Number 2.1e(3)  
Action**

**Ref: Project Approval Amendment to the North Coast Railroad Authority Amending PA-99-05**

**Issue:**

Should the Commission approve the North Coast Railroad Authority's amended application to reduce the Proposition 116 funds (PUC Section 99625 [a] and 99626[a]) on the Short-Line Rehabilitation project by \$72,285 (PUC 99625[a] = 43,371 and PUC 99626[a] = 28,985)?

The original amount authorized for the project was \$756,795 (PUC 99625[a] = 454,077 and PUC 99626[a] = \$302,718).

**Recommendation:**

Commission staff has reviewed the Proposition 116 amended application, as well as subsequent clarifications and recommends that the Commission approve the attached resolution, which would grant approval to reduce the Proposition 116 funds (PUC Section 99625 [a] and 99626[a]) on the Short-Line Rehabilitation project by \$72,285 (PUC 99625[a] = 43,371 and PUC 99626[a] = 28,985).

**Background:**

Proposition 116 (PUC Section 99625 [a] = \$6,000,000 and PUC Section 99626[a] = \$4,000,000) authorizes \$10,000,000 to the Department for improvement of rail service, including rail freight service and tourist-related services, important to the regional economies of Humboldt and Mendocino Counties.

Senate Bill 1663 (Keene) established the North Coast Railroad Authority (NCRA) to assume control of the railroad corporations in the area to protect the vital and needed services and preserve the regional economies of the area. The Counties of Humboldt and Mendocino, by resolution, have indicated that the NCRA shall be the designated Proposition 116 applicant for the entire \$10,000,000 that is available to Humboldt and Mendocino Counties under Proposition 116.

In March 1996, the Commission approved Resolution PA-96-11 that authorized NCRA \$756,795 for the Short-Line Rehabilitation Project. The funding breakdown by PUC Section was PUC 99625[a] = 454,077 and PUC 99626[a] = \$302,718.

In October 2004, the NCRA submitted an amended application to reduce the Short-Line Rehabilitation Project by \$72,285. The October 2004 amended application request indicated that due to

Chair and Commissioners

**STATE OF CALIFORNIA**

**CALIFORNIA TRANSPORTATION COMMISSION**

internal management and auditing issues, the NCRA was unable to provide the oversight necessary to complete the project as scoped; however, NCRA and the Department have verified that the amount of work completed on the original project was equal to, or more than, the funds expended on the project, and that the remaining scope of work was completed in a subsequent project funded under the Traffic Congestion Relief Act.

Approval of the attached Resolution authorizes the \$72,285 to transfer back to the Proposition 116 PUC Sections as indicated; PUC Section 99625[a] = \$43,371 and PUC Section 99626[a] = \$28,914.

CALIFORNIA TRANSPORTATION COMMISSION

Commission Project Application Approval Amendment  
North Coast Railroad Authority  
Proposition 116 Application for the  
Short-Line Rehabilitation Project

Resolution PA-04-

Amending PA-99-05

- 1.1 WHEREAS, in June 1990 the voters approved Proposition 116, the Clean Air and Transportation Improvement Act, for \$1.99 billion for rail and mass transportation purposes; and
- 1.2 WHEREAS, the California Transportation Commission is designated in Proposition 116 to oversee the five grant programs over the 20-year term of the Proposition; and
- 1.3 WHEREAS, Proposition 116 calls for the Commission to establish an application process and to develop and adopt guidelines to implement those programs; and
- 1.4 WHEREAS, Proposition 116 establishes as a purpose of the application process that it "facilitate implementation of improved cost-effective transit service to the maximum number of Californians and to prevent the funds provided for by this part from being spent on needlessly costly features"; and
- 1.5 WHEREAS, Proposition 116 requires applications to specify full and complete capital plans, financial plans, and operating plans, including schedules and funding sources; and
- 1.6 WHEREAS, the financial plans include a back-up funding plan, should the project exceed the cost approved by the Commission the increased cost shall be covered by funds other than Proposition 116; and
- 1.7 WHEREAS, the Commission has established a Hazardous Waste Identification and Clean-up Policy (#G-91-2) that requires the local agency to have performed full due diligence in identifying the hazardous waste in the right-of-way and easements and properties as well as clean-up, and that the state has been indemnified from clean-up liability of damages, both present and future; and
- 1.8 WHEREAS, in December 1990 the Commission adopted policy and application guidelines (#G-90-23) for the Proposition 116 rail program; and
- 1.9 WHEREAS, pursuant to Public Utilities Code Section 99625[a], \$6,000,000 shall be allocated to the Department for the improvement of rail service, including rail freight service and tourist-related services, important to the regional economy of Humboldt County; and

- 1.10 WHEREAS, pursuant to Public Utilities Code Section 99626[a], \$4,000,000 shall be allocated to the Department for the improvement of rail service, including rail freight service and tourist-related services, important to the regional economy of Mendocino County; and
- 1.11 WHEREAS, the Legislature may establish a railroad transportation authority which includes, or which is subsequently expanded to include within its jurisdiction Humboldt County or Mendocino County, or both of them, the authority shall be substituted for the Department and the affected councils of government as the applicant and the grantee agency for the purposes of the \$6 million and \$4 million available respectively to Humboldt and Mendocino Counties; and
- 1.12 WHEREAS, the Legislature has established the North Coast Railroad Authority (NCRA) pursuant to SB 1663 (Keene), to assume control of the railroad corporations in the area to protect the vital and needed services and preserve the regional economies of the area; and
- 1.13 WHEREAS, the Counties of Humboldt and Mendocino have indicated via resolution that the NCRA shall be the designated Proposition 116 applicant for the entire \$10 million that is available to Humboldt and Mendocino Counties under Proposition 116; and
- 1.14 WHEREAS, in October 2004, the NCRA submitted a Proposition 116 application amendment requesting to reduce by \$72,285 (PUC 99625[a] = \$43,371 and PUC 99626[a] = \$28,914) its original amount of \$756,795 (PUC 99625[a] = 454,077 and PUC 99626[a] = \$302,718) for the Short-Line Rehabilitation project; and
- 1.15 WHEREAS, the October 2004 application amendment indicated that due to internal management and auditing issues, the NCRA was unable to provide the oversight necessary to complete the project as scoped; and
- 1.16 WHEREAS, the NCRA has indicated, and the Department has verified, that the amount of work completed was equal to, or more than, the funds expended on the project, and that the remaining scope of work was completed in a subsequent project funded under the Traffic Congestion Relief Act; and
- 1.17 WHEREAS, Commission staff has reviewed the October 2004 amended application, including all supplemental information and it appears to meet all the basic requirements as specified in Proposition 116 and the Commission's policies and guidelines.
- 2.1 BE IT THEREFORE RESOLVED, that the Commission hereby approves the Proposition 116 amended application from the NCRA to reduce by \$72,285 (PUC 99625[a] = \$43,371 and PUC 99626[a] = \$28,914) its original amount of \$756,795 (PUC 99625[a] = 454,077 and PUC 99626[a] = \$302,718) for the Short-Line Rehabilitation project; and
- 2.2 BE IT FURTHER RESOLVED, that a Proposition 116 project approval by the Commission reserves the State funding within the Program, and allows project development work to be undertaken by the applicant agency, which will be subject to state reimbursement pursuant to the Commission's "Guidelines for Allocating, Monitoring, and Auditing Funds for Local Assistance Projects" and subsequent fund transfer agreement.